

QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE

ON

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES

SESSION LAW 2001-437

January 1, 2008 to March 31, 2008

This quarterly report is submitted to the Legislative Oversight Committee in Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. This report is for the months of January 1, 2008 to March 31, 2008 and provides information on major developments as the division implements reform.

Section I: Major developments for this quarter include:

- Division Director Mike Moseley announced his pending retirement. Moseley had a three decade career in public service and served in a number of roles including: Director of Caswell Center in Kinston, Director of the NC Special Care Center in Wilson, Assistant Director of Cherry Hospital in Goldsboro, Chief of the residential Services Branch and founding head of the Thomas S. and Crisis Services sections.
- Michael Lancaster, M.D. and Leza Wainwright were appointed as co-directors of the division. Dr. Lancaster who has been the Chief of Clinical Policy since June 2004 will be in charge of clinical activities and Ms. Wainwright had been deputy director since December 2003 will handle all administrative matters.
- The Department engaged Mercer Human Services Consulting to conduct a comprehensive evaluation of all the Local Management Entities (LMEs). The on-site reviews of all 25 LMEs and report was completed in January 2008. The two consistent themes that Mercer reported thus far involve the lack of information technology systems in the LMEs and financial management. Mercer's preliminary report was presented to the Department on March 31, 2008. Information about the Mercer Report may be found on the Division's website at www.ncdhhs.gov/mhddsas.
- The Department and Wake County have agreed to jointly fund a continuing unit on the Dix Campus until the additional capacity that Wake County is building with Holly Hill Hospital is in place. There is an agreement with Wake County to continue to operate a building on the Dix Campus. It has been funded through the end of this state fiscal year and expansion funding is needed from the NC General Assembly to continue this agreement.

1. Communication Bulletins # 087 through # 090

- **Communication Bulletin # 087** announced the Substance Abuse nominal incentives and guidelines.
- **Communication Bulletin #088** announced the release of the MH/DD/SAS Community Systems Progress Indicators for the second quarter of SFY 2007-2008.
- **Communication Bulletin #089** announced the new NC-TOPPS website and guidelines.
- **Communication Bulletin #090** announced the provider entry of data into the NCcareLINK system.

In addition to the Communication Bulletin Series, the Division released several Enhanced Services Implementation Updates to assist providers and consumers with the transition process. Four Implementation Updates were released, covering the following topics:

- **Implementation Update/Revision # 38** announced guidelines to the DHHS Informal Hearings; provided clarification on the Authorization Appeals and CAP-MR/DD Continuing Need Reviews; provided a CAP-MR/DD Waiver update, and information needed by Value Options. In addition, it outlined the process for removal from payment withhold and Plans of Correction resulting from Community Support service record reviews; announced the Community Support service definition update, providers change of location clarification, revised routing of NEA withdrawal letters and the National Accreditation Alert and the State contract edit window.
- **Implementation Update #39** announced the CAP - MR/DD waiver update, CAP-MR/DD Technical Amendment #4 update and the Endorsement and Accreditation update. Outlined the qualifications of a Community Support Comprehensive Service Provider and how to appeal a reduction or denial of Maintenance of Service. Implementation Update #39 also responded to questions around gaps in service authorization, Person Centered Plan updates/revisions and identified four requirements for removal from payment withhold.
- **Special Implementation Update #40** announced the extension of the transition period until October 31, 2008 for CAP-MR/DD services and supports provided by guardians and family members.
- **Implementation Update #41** announced the revised Community Support Service definitions for Children and Adults, provided information on CAP-MR/DD Waivers, DMA Enrollment Packets, Denial Letters, and offered a reminder on scheduling appeals.

2. Systems Development

In early January DHHS Secretary Benton announced a plan to address problems in the mental health system, in particular the psychiatric hospital. As part of the plan the state operated services section was moved out of the division and instructed to report directly

to the Secretary's Office. He initiated a series of changes to assist in the systems transformation. They include:

- A Hospital Management and Operation work group. The work group is comprised of individuals external to the department and will review protocols for violence, for placement of restraints, and administrative guidelines that can be consistently implemented throughout the state hospital system.
- A work group was established to review implementation of the state's crisis services system, and the state's overall strategy for providing inpatient services (beds) across the state.
- A third work group was formed to assess the construction and operational questions associated with opening the Central regional Hospital.
- Creation of a website to improve public understanding of the activities in the State operated facilities and ensure transparency.
- Delaying the closing of Dorothea Dix and Umstead hospitals 60 days.

3. Merger of Local Management Entities (LMEs)

There were no local management entity consolidations this quarter.

4. Services and Programs

- **Service Definitions:** On January 7, 2008, Implementation Update # 38 announced the Revised Community Support Service Definitions for Children and Adults. The revised service definitions for Community Support - Children/Adolescents and Community Support - Adults became effective on Saturday, March 1, 2008. The new definitions can be found on the web at <http://www.ncdhhs.gov/dma/bh/8A.pdf>.

Implementation Update #39 issued during the first week of February provided a definition for a Comprehensive Community Support Provider. Those requirements are now out for public review and comment. The Secretary has issued a moratorium on enrollment of new Community Support Service providers until these new provider qualifications can be put in place. The target date for this is July 1, 2008 with the goal being to receive the feedback, make changes that need to be made to the proposed provider qualifications and implement them in July. There is an exception in cases where access is an issue.

- **Division Training:** The Accessing Care Training was held at the McKimmon Center in Raleigh on March 20, 2008.
- **Waivers:** No significant changes in waivers this quarter.

5. Public Outreach to Discuss System Reform

- The Division continues to post on its website Questions and Answers regarding the New and Modified Service Definitions.

6. Rule Changes

There were no rules regarding MH/DD/SAS reviewed by the Rules Review Commission this quarter.

The Commission on MH/DD/SAS approved the following rules for further action by the Rules Review Commission:

- Proposed Repeal of 10A NCAC 29D .0100- Carolina Alternatives
- Proposed Repeal of 10A NCAC 29D .0400- Therapeutic Home
- Proposed Repeal of 10A NCAC 29D .0600- Substance Abuse Assessments
- Proposed Adoption of 10A NCAC 26C .0600- Removal of LME Functions
- Proposed Adoption of 10A NCAC 27G .0212- Disclosure of Financial Interest
- Proposed Adoption of 10A NCAC 27A .0300- Clean Claims
- Proposed Adoption of 10A NCAC 26C .0402- Standardized Forms
- Proposed Adoption of 10A NCAC 27G .0507- Area Board Annual Evaluation of an Area Director

7. Developing Community Capacity

- The State Strategic Plan 2007-2010 defines the specific objectives, action steps and milestones to be undertaken over the next three fiscal years for continued implementation of reform and transformation of the MH/DD/SA services system as required by the North Carolina General Assembly. The State Strategic Plan 2007-2010 has been posted to the web at:

<http://www.ncdhhs.gov/mhddsas/whatsnew-comprehensive.htm>

The State Strategic Plan focuses on five priority objectives:

- A stable and high quality provider system;
- Comprehensive crisis services;
- Integrated and standardized processes and procedures;
- Consumer outcomes related to housing; and
- Consumer outcomes related to education and employment.

- Developmental Center Downsizing, a report to the Senate Appropriations Committee on Health and Human Services; the House of Representatives Appropriations Subcommittee on Health and Human Services and the Fiscal Research Division was submitted by the Division on January 15, 2008.
- Pilot Program to Reduce State Psychiatric Hospital Use and to Increase Local Services for Persons with Mental Illness, a report to the Joint Legislative Oversight Committee was submitted by the Division on February 1, 2008.
- DHHS Policies and Procedures in Delivering Community Mental Health, Developmental Disabilities, and Substance Abuse Services, A report to the House of Representatives Appropriations Subcommittee on Health and Human Services, Senate Appropriations Committee on Health and Human Services and Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services was submitted by the Division on February 1, 2008.
- Transitional Residential Treatment Program, a report to the Joint Legislative Oversight Committee was submitted by the Division on February 29, 2008.
- Local Management Entities Crisis Services Plans, a report to the Senate Appropriations Committee on Health and Human Services, House of Representatives Appropriations Subcommittee on Health and Human Services, the Fiscal Research Division and the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services was submitted by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services on February 29, 2008.
- Status of the Development of a Tiered System of Home and Community Based Waiver Services for Persons with Developmental Disabilities, a report to the Joint Legislative Oversight Committee was submitted by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services and Division of Medical Assistance on March 1, 2008.
- Community Support Services, a report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services; the Senate Appropriations Committee on Health and Human Services; the House of Representatives Appropriations Subcommittee on Health and Human Services; and the Fiscal Research Division was submitted by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services and Division of Medical Assistance in March 2008.
- On March 12, 2008, a Request for Applications was released for Community Collaboratives as Part of North Carolina's Preventing Underage Drinking Initiative. The deadline for applications is April 7, 2008 and the sub-contract period is scheduled to begin on June 1, 2008 and extend through May 31, 2009.
- On March 17, 2008, the North Carolina Coalition Initiative: Building Capacity for Substance Free Communities (NCCI), a program funded by the Division, announced a new funding opportunity for existing or newly formed coalitions for

Substance Abuse Prevention to reduce substance abuse in North Carolina communities by building the capacity of community coalitions to implement environmental strategies. The deadline for applications is 4/18/08. The 14-month grant period runs from 5/1/08 to 6/30/09.

- Monthly Report on Community Support Services, a report to the Senate Appropriations Committee on Health and Human Services, House of Representatives Appropriations Subcommittee on Health and Human Services and Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services was submitted by the North Carolina Department of Health and Human Services in February 29, 2008 and March 31, 2008.